



# The President's Daily Brief



*January 15, 1977*

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~~*Top Secret*~~ 25X1

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FOR THE PRESIDENT ONLY

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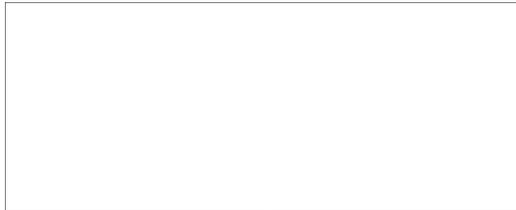
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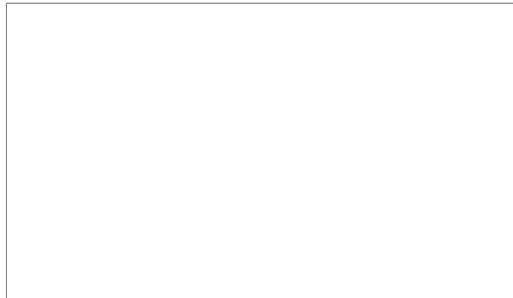
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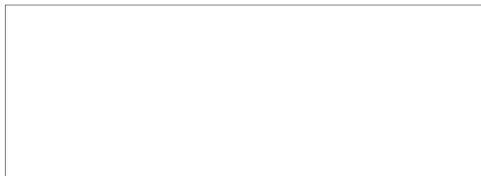
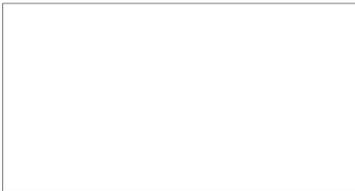


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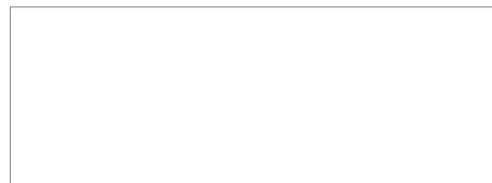
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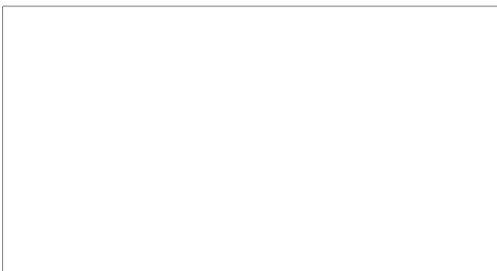


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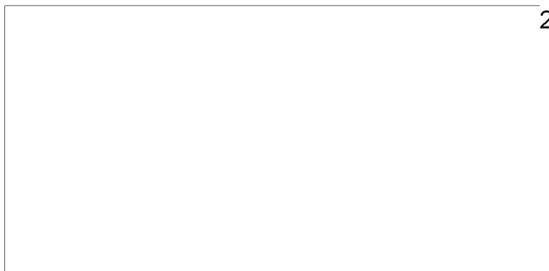
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IRAQ: *Iraq has called for an extraordinary OPEC ministerial meeting before the end of the month to discuss the oil pricing problem. Saudi Arabia and the United Arab Emirates would be excluded.*

Iraq--convinced that the Saudis intend to flood the market with oil, and that this can threaten the new prices--has asked the 11 countries that supported the 10-percent price hike to discuss prorating production in order to maintain prices.

Iraq, Kuwait, and Iran face the most severe market pressures because their crude is directly competitive with Saudi oil. Kuwait probably favors some form of coordination with other OPEC states, although not at the expense of a wider split with Saudi Arabia.

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*The Iraqis may not be able to pull off an OPEC meeting anytime soon.*

Gabon believes that only a heads-of-state meeting can resolve the problem. Venezuela is on record

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in favor of an extraordinary OPEC meeting, but President Perez prefers to work out a price compromise with Saudi Arabia. Algeria and some other light crude producers favor taking a wait-and-see attitude, and most members are hopeful that a compromise with Saudi Arabia can be worked out.

*Even if a meeting is held, the chances are remote that the participants could agree on any formalized scheme to allocate production cutbacks.*

Iraq, which is putting on a strong show of support for the price hike, is likely to do some price shaving to maintain exports no matter what action OPEC takes. Baghdad has historically chided other producing states for not following OPEC guidelines while privately offering discounts to attract new customers.

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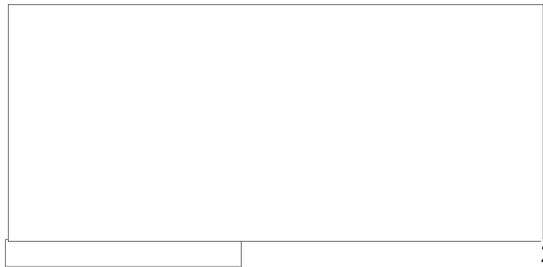
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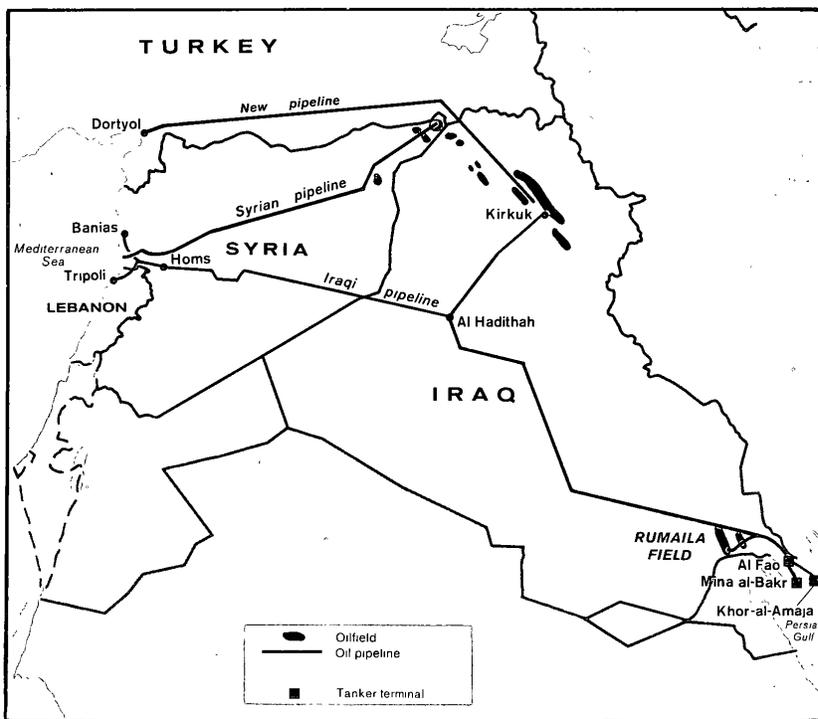
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NOTES

Iraq opened a new pipeline through Turkey last week, enabling it to export oil from Mediterranean ports for the first time since closure of the pipeline through Syria.

This new line will allow Iraq to export more than half of the production from its northern fields to the Mediterranean. Production from these fields previously was exported through Syria, but shipments were halted last April after a dispute with Damascus on prices and transit fees. Exports subsequently were resumed at a reduced level with the opening of a pipeline connecting the northern fields with the Persian Gulf.

Some Iraqi oil may now become competitive with Saudi crude. Since no previous prices have been set for shipments from Turkish ports, Iraq will have an opportunity to lower prices without openly breaching its support of the recent 10 percent OPEC price hike.

\* \* \*

Tass announced yesterday that Warsaw Pact commander Viktor Kulikov and his successor as chief of the Soviet General Staff Nikolay Ogarkov have been promoted from army generals to marshals of the Soviet Union.

General Secretary Brezhnev and Defense Minister Ustinov were named marshals of the Soviet Union last May and July respectively, but promotions for Kulikov and Ogarkov are the first for professional officers to this rank since 1968.

Ogarkov, unlike Kulikov, is said to be on close terms with Defense Minister Ustinov, and in the promotion of both men to marshal of the Soviet Union, Ogarkov appears to be the chief gainer.

\* \* \*

Tunisian officials seem to be going through another period of alarm over what they view as a threat from neighboring Libya.

Early this week the Tunisian minister of defense told US officials that [redacted] Libyan President 25X1

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Qadhafi said at a secret meeting on January 1 that he had decided to unify Libya and Tunisia by any means, including force.

The Libyan leader reportedly also said that while in Moscow he had obtained assurances that the USSR would not object to the use of Soviet arms in such an effort, and that he believed he could count on Algerian support.

We have no evidence that Qadhafi is preparing for a military move against Tunisia or has significantly increased subversion against his neighbors. While Tunisian concerns over Libyan intentions are genuine, it is possible that the report was embellished in order to persuade the US to provide more visible support and to approve additional military sales.

\* \* \*

Ecuador's new foreign minister apparently intends to abandon the orientation toward third world countries adopted by the two previous incumbents and will concentrate on improving regional and hemisphere ties.

In his first major policy address last week, Foreign Minister Jorge Salvador made a special effort to identify closely with his Latin American neighbors and called for improved relations with the US. The speech was in marked contrast to one delivered a year ago by his predecessor, who assailed the US Trade Act as coercive and discriminatory.

This shift in emphasis implies that Ecuador wants to participate in the movement evident throughout South America in recent months toward closer cooperation on a variety of economic and security issues. Despite continuing problems with the US over the Trade Act and Ecuadorean fishing rights, Salvador obviously wants to get off on the right foot with the Carter administration.

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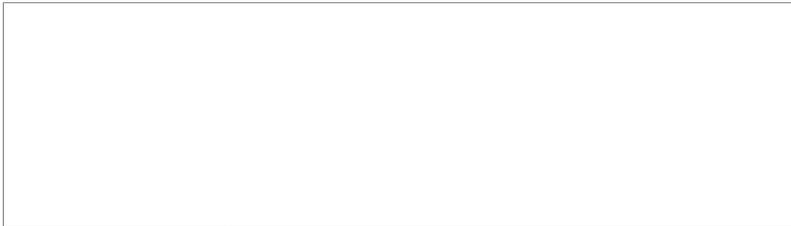
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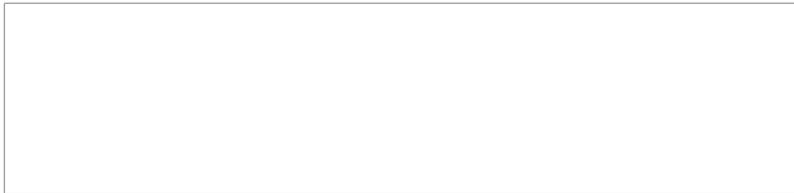
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